

**MULTIMEDIA**



**UNIVERSITY**

**STUDENT ID NO**

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

**TRIMESTER 2, 2020/2021**

### **DFA5024 – FINANCIAL ACCOUNTING 2**

(All Sections / Groups)

15 MARCH 2021  
09.00 a.m. – 12.00 p.m.  
( 3 Hours )

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#### **INSTRUCTIONS TO STUDENT**

1. This question paper consists of 7 pages with 4 questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

**QUESTION 1****Part A**

H&S Medical Supplies is a supplier of high-quality medical devices and supplies to hospitals, clinics, pharmacies and healthcare shops throughout Malaysia. The company was established in July 2015. The demand for medical supplies was increased tremendously during this Covid-19 pandemic.

Following are the transactions occurred by H&S Medical Supplies during the month of October 2020:

Oct 1	Purchased 1,700 boxes of face mask with a total of RM13,600 from Good Masker Company, China mask producer. The company received a purchase invoice with a term 2/15, n/30, FOB shipping point. Freight charges of RM200 was paid immediately by cash.
6	Sold 350 boxes of face mask to Red Rose Pharmacy on credit for RM15 per box, terms 1/10, n/30, FOB destination.
7	The appropriate party made cash payment of RM80 for freight charges on goods sold on 6 <sup>th</sup> October 2020.
10	Returned 10% of the inferior quality face masks to Good Masker Company.
13	Purchased 2,500 bottles of aloe vera hand sanitizer from Green Leaf Marketing for RM12,500, FOB destination, terms 2/10, n/30. The freight charges, RM120 was paid by the appropriate party on the same date.
14	Issued credit note to Red Rose Pharmacy for the return 20 boxes of face mask.
16	Received full payment from Red Rose Pharmacy.
20	Paid the amount owed to Good Masker Company in full.
22	Paid half of the amount owed to Green Leaf Marketing
23	Purchased 300 boxes of disposable poly gloves, RM12 per box, by cash from Tee Rubber, FOB shipping point. Freight charges paid on the same date for RM90.
25	Sold 180 bottles of hand sanitizer to Clinic Kita on credit for RM12 per bottle, term n/30.
28	Granted allowance of RM150 to Clinic Kita for sending different type of hand sanitizer.

**Required**

Journalise the above transactions using the perpetual inventory system.

(17.5 marks)

**Continued...**

**Part B**

Below are the account balances of Rimbun Enterprise for the year ended 30 June 2020.

	<b>RM</b>		<b>RM</b>
Accounts Payable	48,200	Interest Expense	4,300
Accounts Receivable	120,200	Rent Revenue	14,700
Accumulated Depreciation – Vehicle	34,000	Merchandise Inventory	21,700
Cash	41,600	Sales Returns and Allowances	5,320
Rina, Capital	85,000	Cost of Goods Sold	245,000
Sales Revenue	406,800	Prepaid Insurance	1,200
Depreciation Expense – Vehicle	7,000	Salary and Wages Expense	88,900
Sales Discount	4,300	Sales Commissions Payable	3,100
Salary and Wages Payable	2,500	Rina, Drawings	10,500
		Utility Expense	5,890

**Required**

Prepare the closing entries for Rimbun Enterprise for the year ended 30 June 2020. (7.5 marks)

**(Total: 25 marks)**

**QUESTION 2**

The treasurer of Melaka Fencing Club has provided the following summary of bank account for the year ended 31 December 2020:

	<b>RM</b>		<b>RM</b>
Balance, 1 January 2020	15,660	Rent of court	1,300
Members' subscriptions	54,800	New fencing equipment	3,450
Competition fees	6,400	Wages	32,000
Sales of refreshments	8,200	Payment to refreshment suppliers	4,200
Sales of fencing equipment	1,250	Administrative expenses	4,800
		Sundry expenses	2,600

Additional information:

1. The fencing equipment sold has a net book value of RM1,600.
2. Part of the total wages is the wages for coaches amounted to RM29,200 and the remaining is wages for staff who involved with the preparation of refreshments.
3. The beginning and ending balances of the club's assets and liabilities are as follows:

**Continued...**

	1 Jan 2020 (RM)	31 Dec 2020 (RM)
Inventory of refreshment	2,320	1,980
Owing to refreshment suppliers	9,400	6,750
Fencing equipment at valuation	4,600	6,240
Subscriptions paid in advance	5,800	4,200
Subscriptions in arrears	3,400	5,600

**Required**

- (a) Prepare the Statement of Affairs as at 1 January 2020. (4 marks)
- (b) Prepare the Refreshments Trading Account for the year ended 31 December 2020.  
*Show all your workings.* (6 marks)
- (c) Prepare the Income and Expenditure Account for the year ended 31 December 2020.  
*Show all your workings.* (10 marks)
- (d) Prepare the Statement of Financial Position as at 31 December 2020. (5 marks)

**(Total: 25 marks)****QUESTION 3****Part A**

Picassa Company prepares its financial statements semiannually, on 30<sup>th</sup> June and 31<sup>st</sup> December every year. The company requires their customers to sign a promissory note for major credit purchases. During the year 2020, the following transactions occurred sequentially:

Jan 20	Sold merchandise to Delica Company of RM46,000 and accepted 6%, 60 days promissory note from customer for merchandise purchased.
Feb 8	Loaned out RM28,000 to Green View Company and received 3 months, 5% note.
Mar 19	Received notification from Delica Company that they unable to honor their promissory note but the company expects to pay the amount in full in two months.
April 1	Loaned out to Protunes Enterprise for RM12,000, 4 months, 5% note.
May 5	Received a cheque from Delica Company for the total amount due.
8	Collected full payment from Green View Company for a note at maturity.
10	Received notification from the bank that Delica Company's cheque was being returned "NSF" and the company had declared bankrupt.
June 30	Accrued interest revenue on Protunes Enterprise notes.
Aug 1	Received full payment from Protunes's note at maturity.

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12	Sold merchandise on account to Massa Trading for RM18,000.
Sept 15	Wrote off as uncollectible the amount of the Massa Trading account when the company was declared bankruptcy.
20	Unexpectedly received a check of RM7,000 from Massa Trading.
Nov 1	Accepted Temasek Company's RM25,000, 5 months, 6% for the sales of merchandise.
Dec 31	Accrued the interest on Temasek Company notes.

**Required**

Journalise the above transactions.

(18 marks)

**Part B**

M&J Company uses double-declining method of depreciation for their assets. The company's fiscal year ended is on 30 June every year. On 1 January 2017, M&J Company acquired vehicle costing RM120,000. The vehicle is expected to have 16 years of useful life with the salvage value of RM3,000 at the end of the asset's useful life. On 1 March 2020, M&J Company sold the vehicle at a selling price of RM70,000.

**Required**

- (a) Compute the amount of accumulated depreciation until the date of disposal. Provide your answer in table form. (5 marks)
- (b) Prepare journal entries to record the sale of vehicle. Provide workings on gain or loss on the disposal. (2 marks)

**(Total: 25 marks)****QUESTION 4****Part A**

Below are the three accounts extracted from Orange Corporation's general ledger for the year 2020.

**Motor Vehicle Account**

	<u>RM</u>		<u>RM</u>
Balance b/f	210,000	Cash	11,000
Cash (purchase of motor vehicle)	95,000	Accumulated depreciation	42,000
Cash (motor vehicle enhancement)	31,000	Loss on sale of vehicle	9,500
		Balance c/f	273,500
	<u>336,000</u>		<u>336,000</u>

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**Accumulated Depreciation Account (Motor Vehicle)**

	<u>RM</u>		<u>RM</u>
Motor vehicle	42,000	Balance b/f	65,000
Balance c/f	49,000	Depreciation expenses	26,000
	<u>91,000</u>		<u>91,000</u>

**Retained Earnings Account**

	<u>RM</u>		<u>RM</u>
Dividend	38,000	Balance b/f	120,000
Balance c/f	147,000	Net income	65,000
	<u>185,000</u>		<u>185,000</u>

Additional information:

	31 December 2019 (RM)	31 December 2020 (RM)
Cash	40,800	74,000
Merchandise inventory	24,600	13,700
Prepaid rental	2,500	4,800
Account receivable	34,300	12,800
Account payable	49,400	35,000
Common stock	75,000	145,000

**Required**

Prepare a Statement of Cash Flows for the year ended 31 December 2020, using the indirect method. (10 marks)

**Part B**

Presented below are the comparative Statement of Financial Position and Statement of Profit or Loss for Supreme Company.

Supreme Company Comparative Statement of Financial Position as at 31 December		
	<u>2019</u>	<u>2020</u>
<u>Current Assets</u>		
Cash at bank	RM13,000	RM44,000
Account receivables	62,000	46,000
Inventories	53,000	72,600
	<u>128,000</u>	<u>162,600</u>
<u>Non-Current Assets</u>		
Plant and machinery	94,000	75,000
Less: Accumulated depreciation – Plant and machinery	<u>(42,000)</u>	<u>(36,000)</u>

**Continued...**

	52,000	39,000
	RM180,000	RM201,600
<b>TOTAL ASSETS</b>		
<u>Current Liabilities</u>		
Account payables	24,600	10,200
Income tax payable	18,000	25,600
	42,600	35,800
<u>Non-Current Liability</u>		
Bond payable	48,200	15,000
<u>Issued and fully paid up capital</u>		
Ordinary shares of RM1 each	64,000	110,000
<u>Reserve</u>		
Retained profit	25,200	40,800
<b>TOTAL LIABILITIES AND EQUITIES</b>	RM180,000	RM201,600

Supreme Company Statement of Profit or Loss for the year ended 31 December 2020		
	RM	RM
Sales Revenue		560,000
Less: Cost of Goods Sold		(330,000)
Gross profit		230,000
Less : Operating expenses		
Selling expenses	58,000	
Administrative expenses	87,500	145,500
Income from operation		84,500
Add: Gain on disposal on equipment		4,500
Less: Interest expenses		15,000
Income before income taxes		74,000
Income tax expenses		24,000
Net income		RM50,000

Additional information:

1. Dividends declared and paid were RM34,400.
2. During the year, equipment was sold for RM12,500 cash. This equipment cost RM19,000 originally and had a book value of RM8,000 at the time of sale.
3. All depreciation expense is included in the selling expense category.
4. All sales and purchases are on account.
5. Accounts payable pertain to merchandise suppliers.
6. All operating expenses except for depreciation were paid in cash.

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**Required**

(a) Prepare a Statement of Cash Flows for the year using the direct method. (8 marks)

(b) Show the workings for:

i. Cash receipts from customers (1.5 marks)

ii. Cash payment to supplier (2 marks)

iii. Cash payments for operating expenses (2 marks)

iv. Cash payment for income taxes (1.5 marks)

**(Total: 25 marks)**

**End of Paper**